

FISCAL NOTE

HB 208 - SB 93

February 20, 2003

SUMMARY OF BILL: Decouples the state inheritance and estate tax from the federal version. This prevents a loss of revenue to the state as a result of the phase out of the federal tax.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact - Passage of this bill would prevent a decrease in state revenues estimated at \$6,350,000 in 2003, \$9,525,000 in 2004 and \$12,700,000 in 2005 and subsequent years.

Increase State Expenditures - \$32,800 One-Time

The federal state death tax credit, used to determine state taxes, is scheduled for reductions of 25% in 2002, 50% in 2003, 75% in 2004 and elimination in 2005. Collections of the estate tax are highly variable. The average annual estate tax collection for the last five years is \$12,700,000. Based upon this average collection rate, the state could reasonably expect to lose \$6,400,000 in 2003, \$9,525,000 in 2004 and \$12,700,000 in 2005.

System modification costs of \$32,800 one-time would be needed.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director